

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
June 10, 2014

4:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

| | |
|-------------------|---|
| CONDUCTING | Mayor Richard F. Brunst, Jr. |
| ELECTED OFFICIALS | Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner |
| APPOINTED STAFF | Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Bill Bell, Development Services Director; Jason Bench, Planning Division Manager; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder |

CONTINUED DISCUSSION – UTOPIA Fiber Options

Mr. Davidson said staff intended to provide the City Council with a synopsis of a decision criteria matrix in an effort to continue assisting the Council to reach a decision on the UTOPIA / Macquarie Private Public Partnership Milestone One report. Mr. Davidson said staff tailored the matrix to the following degrees: (1) the feedback given by the City Council, (2) the information included from discussions with other providers, and (3) compare Google's option in Provo to the Macquarie proposal. Mr. Davidson said the matrix was not a completely objective assessment, but that staff, in some cases, had tried to read into what each proposal was suggesting and representing. Mr. Davidson encouraged that the discussion not focus on what was wrong with the matrix, but rather on continuing dialogue between the Council on the Macquarie Milestone One report.

Mr. Bybee presented to the City Council a printed copy of the decision matrix. He evaluated each of the criteria points to what the City Council had deemed important.

Mr. Macdonald asked for clarification on the intended ranking system.

Mr. Bybee said the number "5" reflected what was most important to the Council with number "1" being the least important. The intent of the "yes" and "no" was to find out if the points were issues that should be pursued further.

Mrs. Black said the compiled results did not look very positive. She said she thought the matrix was designed to measure the level of interest and disinterest in each decision point. Mr. Spencer agreed.

Mr. Macdonald said he did not understand the meaning of the “yes” and “no” on the matrix.

Mr. Bybee clarified that the “yes” and “no” was intended as a way for the Council to provide input on the importance of the criteria points. It was anticipated that a “yes” would have been accompanied by a number indicating the level of importance.

Mr. Davidson said the intent was to help the City Council make a decision. If the matrix was not helpful, then it could be set aside so the City Council could have a conversation about what was most important.

Scott Wilson of Beehive Broadband said they would like to look at the ability to refinance the UTOPIA debt. The key was to first make it work and also make it profitable.

Mr. Davidson said the City had only the information on the alternatives provided to the City.

Mayor Brunst said none of the fiber network alternatives had had the chance to delve into the UTOPIA operatives.

Mr. Bybee said the matrix was a method of finding ways to negotiate and reach a decision as a Council.

Mr. Macdonald asked if the financial strengths were measured on any of the fiber network alternatives. Some providers might not be able to handle a deal the size of UTOPIA, and it would be significant criteria to verify a provider’s ability to carry out the network needs.

Mr. Davidson said some of the alternatives had said they were closed networks, and not interested in doing business with UTOPIA.

Mrs. Black asked who was not interested in doing business with UTOPIA.

Mr. Davidson said Comcast was one example. Comcast had a business model that worked for that company. Comcast would not want to turn any of its processes to UTOPIA when the operations clearly did not operate on the same level. Mr. Davidson said certain organizations voiced that building the residential service did not fit the organizations’ models. Fibernet was an example of an alternative organization which had said providing residential services was not its core concern. Mr. Davidson said the City Council would need to evaluate the importance of finding a residential solution.

Mayor Brunst said Beehive Broadband was able to provide both residential and business. CenturyLink had expressed interest in both residential and business as well. He said Charles Jones put together a plausible plan, though he was not interested in running the network. Comcast was planning on doubling its speed, to match what services were in Provo. Fibernet was strictly interested in the business aspect of the network. Google did not have a business plan, nor did it show signs of pursuing business service. Macquarie was interested in both residential and business services, as was First Digital, Server Plus, and Vivint.

Mayor Brunst said there were other fiber companies which were fairly active in Orem. There were many competitors for providing fiber to businesses, and not as many competing to provide residential services.

Mr. Bybee asked if the City Council had any questions about any of the decision criteria.

Mr. Davidson said staff had tried to gauge how important some of the factors on the matrix were to the Council. He used the ubiquitous build out as an example and said five out of the six Council members who responded to the matrix had said ubiquity of the network build was important. Mr. Davidson said there were many network alternatives that did not have a ubiquitous model.

Mayor Brunst said there were different types of ubiquity. He said there was ubiquity to the neighborhoods, and ubiquity to the house. Mayor Brunst said many of the companies had a demand-based model, similar to Google.

Mr. Bybee asked for any outstanding questions from the Council on the utility fee and how important that decision point was.

Mayor Brunst said there were areas he wanted to ask more questions about, such as the indigent fee. He asked if it was feasible to look at Orem demographics to see who was taking welfare services. Mayor Brunst said take rates might be dependent upon the different types of population.

Mr. Bybee said census data could be examined to find that information.

Mr. Davidson said there were qualifications for welfare data, but he was unaware what statistical information was available for what percentage of populations were taking welfare services.

Mr. Downs said the Department of Workforce Services had information to that end, which was broken down by zip code.

Mayor Brunst asked if the City could get a copy of that information.

Mr. Davidson said addressing the utility fee for the indigent population was a policy decision that the City Council would have to make.

Mrs. Crozier added that, when the utility fee assistance program was set up, it was done so through Community Action. The City could get neighborhood data from HUD and CDBG as well. Mrs. Crozier noted that the City was still waiting on block group and census tract level data from the 2010 census.

Mayor Brunst said food stamp and WIC participant information could be received from the County. He asked about the construction of speeds no less than 1GB. Mayor Brunst said he learned Comcast was offering 10GB for businesses. He asked what the cost would be for upped service above 1GB with Macquarie.

Mr. Davidson said those costs had not been made known, but the contents in the cabinets would have to be upgraded to provide the higher speed services.

Mayor Brunst asked (1) if there was some kind of FCC license that internet service providers (ISPs) had to have; and (2) if UTOPIA would need to have an FCC license.

Scott Wilson, Beehive Broadband, said unregulated ISPs did not have to have a license. He did not know if UTOPIA would have to have a license.

Mr. Bybee brought the discussion back to the decision matrix and suggested the Council discuss the items which had received a ranking below a four.

Mr. Spencer said the numbers would be skewed based on the Council's misinterpretation of the matrix.

Mr. Macdonald said he would like some opinions from the professionals. He said he did not know what would happen if the City did not provide fiber and asked if the wheels would really fall off the City if the City did not have fiber.

Mr. Spencer said the former Council back in 2002 said the exact same thing. Now twelve years later a different City Council was in the same boat.

Mrs. Black asked what expert Mr. Macdonald was looking for. She said she suspected some experts would likely say 'yes' to the situation, and others would say 'no,' depending upon their individual opinions on the issue.

Mr. Spencer said the Council could look at the feasibility studies.

Mrs. Black said she did not know where the Council would find an unbiased expert to lend the advice Mr. Macdonald was looking for.

The Council discussed the possibility of researching where the seven cities that had been original members of UTOPIA were in regard to fiber infrastructure.

Mr. Seastrand said it would be good to have someone who was a venture capitalist—someone who thought like Macquarie—to look at the deal. He said he believed there were a number of venture capitalists who could render that insight, for example Sorenson Capital or Peterson Capital.

Mr. Macdonald added that Sorenson Capital took a look at iProvo before Google did.

Mayor Brunst said another outside opinion could come from Matt Heaton, who started Blue Host. Mayor Brunst said Mr. Heaton had expressed interest in meeting with the City Council to make a presentation.

Mr. Macdonald said it would take a fair amount of time to listen to presentations. For that reason, it would be good to have someone the Council could use to vet the different presentations and bring back only the best options. Mr. Macdonald said he did not expect the City Manager to do the sorting either. The options before the Council should be sifted because there were some that could not deliver services the City Council was looking for.

Mrs. Black said she was concerned Mr. Davidson was not being invited to share information. She expressed her desire to invite Mr. Davidson to share what information he did have.

Mr. Davidson said staff had been reaching out to many different consultants. With a decision point fast approaching, the time to explore the different consultants was only seventeen days, which was simply not enough time. Though employing an outside consultant might be worthwhile and could yield good results, Mr. Davidson expressed concern the City was spending a lot of time “chasing a lot of rainbows.” The focus should be on the legitimate plan currently before the Council. Mr. Davidson added that he did not think it was valuable to pursue all the different providers.

Mayor Brunst said it was beneficial to learn the different viewpoints of where other providers were coming from. He referred to a city in Colorado that was providing 1GB of internet service for \$49.99/month.

Mr. Davidson said he had read the article about the city Mayor Brunst was referring to which was Longmont, Colorado. Mr. Davidson explained that Longmont differed from Orem in that it had an existing fiber ring along with its own telecom and public power companies. Longmont did a general obligation bond to be able to build its own network.

Mr. Sumner asked if the groups that had only wireless services were legitimate players.

Mr. Davidson said it depended on what the Council wanted. If it wanted a ubiquitous build out, then it would be more challenging. Wireless was a point-to-point technology that worked in many communities, but if the connection could not be made, then the wireless might not work. Mr. Davidson added that providing wireless services to mature communities posed problems because of trees.

Mr. Sumner said reliability of wireless services was varied where he worked at Utah Valley University.

Scott Wilson said Beehive Broadband used to use strictly wireless technology, but the company could not get necessary bandwidth. That was why Beehive went to fiber. Trees did pose significant challenges for wireless services.

Mr. Bybee said the Council could easily pare down the list of potential providers by crossing off all the entities that were unwilling to provide a method or means of paying down the existing debt. Mr. Bybee added that staff wanted to ensure the decision criteria was interpreted correctly.

Mr. Davidson said Uptown Services, the group involved with Longmont Colorado, had indicated they could look at the Macquarie Milestone One Report and provide a third-party opinion on the proposal.

Mrs. Black asked if Longmont had a lot of its infrastructure in place.

Mayor Brunst said Longmont had a fiber ring similar to Orem. Longmont was one city going out and bonding for itself. Longmont also intended to provide services without charging a utility fee.

Mr. Seastrand said Orem did not have the ability to do what Longmont was doing.

Mr. Davidson said Mr. Seastrand was correct. Orem could not do the same thing under current State law. Mr. Davidson then said conversations were taking place to move forward in seeking information from Uptown Services. He cautioned that the involvement Uptown Services had with other communities was not an “apples-to-apples” comparison because many of those communities were serviced by local public power. Orem did not provide its own electric power.

Mr. Macdonald said Uptown Services would have a conflict of interest if it provided services to Orem in the long-term but, in the short term. Uptown could help Orem by looking through the Milestone One Report. Most of the Council had read through the report and after reading were unsure of exactly what the report entailed.

Mayor Brunst asked about the survey.

Mr. Bybee said the survey was being conducted by Y2 analytics and was well underway, having already received 1,000 responses.

Mr. Spencer asked if there was a way to allow citizens to take the survey if their email was not registered with the utility billing database.

Mr. Downs said that, in order for Y2 Analytics to keep the survey statistically significant, it would not be possible to provide a way for those citizens not on the list to take it.

Mr. Macdonald said the response was fast. He suspected the reason for not permitting those not on the list to take the survey was an effort to ensure the survey results were statistically viable.

Mr. Spencer said he thought there would be more dialog between the Council on feelings and direction about what to do with the Macquarie decision. He expressed concern the Council had not had much time to have that kind of conversation.

Mayor Brunst said it would be nice to have one hour to dedicate to a discussion about Macquarie and the impending UTPOPIA and Milestone One decision.

Mr. Davidson said time was scheduled on June 17, 2014, to do that.

Mrs. Black asked what was happening with First Digital.

Mr. Davidson said the president of First Digital had relayed to him that First Digital was not quite ready to make its presentation to the Council.

Mr. Spencer reported that he was replying to citizen emails by requesting the citizens to give him a phone call. Mr. Spencer said he had received a lot of phone calls and was doing his best to talk to anyone he could about the current issues.

Mr. Davidson said videos of the question and answer period of the public information meeting held on June 5, 2014, were being made available on the YouTube channel.

Mr. Sumner asked about Laura Lewis and if the City had a contract with Lewis & Young as the financial advisors. Mr. Sumner said that he had reservations about a possible conflict of interest with her representing both Orem and UTOPIA.

Mr. Davidson said she had been the City's financial advisor for more than fifteen years. Mr. Davidson said the City had gone out to bid through a request for proposal (RFP) process for that very reason and purpose. Lewis & Young had provided the best proposal for the City and with that had come the continued relationship. Mr. Davidson said one decision point in continuing to use Lewis & Young was the advantage it had in being well versed in what was happening with UTOPIA.

Mr. Spencer asked how long the contract was.

Mr. Davidson said he thought it was for five years. He added that financial advisory services were a narrow market, and that the world of public finance advisors was small.

5:00 P.M. STUDY SESSION- PUBLIC SAFETY TRAINING ROOM

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Brandon Nelson, Accounting Division Manager; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

ANNUAL REVIEW – Gang Loitering Free Areas – Eric Ahlborn

Eric Ahlborn, Police Officer, provided to the City Council an update on Gang Loitering within Orem.

Review – Upcoming Agenda Items – Staff

The City Council reviewed upcoming agenda items.

Jason Bench, Planning Division Manager, gave a brief summary of the Site Plan approval for the existing Midtown Village, which was set to go before the Council for approval on June 17, 2014.

Mr. Bench provided the Council with information regarding a possible upcoming annexation petition of the property in Southwest Orem.

Review Agenda Items

The Council and staff reviewed the items on the agenda.

City Council New Business

There was no new City Council new business.

The Council adjourned at 5:55 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Steve Earl, Deputy City Attorney; Bill Bell, Development Services Director; Jason Bench, Planning Division Manager; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

**INVOCATION /
INSPIRATIONAL THOUGHT
PLEDGE OF ALLEGIANCE**

Sam Lentz

Ben Finlay

APPROVAL OF MINUTES

Mr. Sumner **moved** to approve the minutes from the May 27, 2014, City Council Meeting. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, unanimously.

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

Upcoming Events

The Mayor referred the Council to the upcoming events listed in the agenda packet.

Appointments to Boards and Commissions

No new appointments to Boards and Commissions were made.

Recognition of New Neighborhoods in Action Officers

No new Neighborhood in Action officers were recognized.

Report – Senior Advisory Commission

Kay Bradford gave an overview of the activities and events held at the Orem Senior Center.

CITY MANAGER APPOINTMENTS

There were no City Manager appointments.

PERSONAL APPEARANCES

Time was allotted for the public to express their ideas, concerns, and comments on items not on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Wayne Burr, resident, said debt avoidance was good for individuals and for businesses and cities. It would be unwise for the citizens to pay the proposed utility fee as proposed by the Macquarie Milestone One Report. He asked the City Council to vote against the Public Private Partnership (PPP) with Macquarie.

Curtis Wood, resident, said he was speaking against Macquarie. He gave a guestimate on how long certain services would take over the Internet with the proposed 3mpbs. He said the system was marginally good enough for email, and said that was as good as dial up. The offer from Macquarie was not good, and everyone would have to sign up for the premium services to get usable service.

Sam Lentz, resident and business owner, said his address was not serviced by UTOPIA. He spoke in favor of the Macquarie proposal. He talked about the flyer sent out in the mail to residents from the taxpayers association. He said Macquarie's plan could actually save the resident's money. Mr. Lentz said he had confidence in the City Council to make the decision regarding the Macquarie PPP.

Jim Fillingim, resident, expressed concern about 2000 South and Main Street in Orem. There was no sidewalk, curb, or gutter to stop storm water. He spoke about his neighbor who had been washed out three times in the last two years. Mr. Fillingim said he was concerned that storm drain issues were not being addressed.

Janine Fillingim, resident, spoke to the same concerns as noted by Mr. Fillingim. She suggested that if the City needed to find money to address the storm water problems at 2000 South, then the City should have officers writing more tickets on 2000 South. She said she had concerns about people not stopping at the stop sign there at 2000 South Main Street.

Kate Barker, resident, said she was against how the City Council was going about addressing fiber needs in Orem. She said she had researched UTOPIA and found disturbing facts. Ms. Barker voiced concern that the City Manager did not have a vested interest in the City of Orem.

CONSENT ITEMS

MOTION – Canceling the August 12, 2014, City Council Meeting

Mr. Seastrand **moved** to cancel the August 12, 2014, City Council Meeting. Mr. Sumner **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst,

Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, unanimously.

SCHEDULED ITEMS

CONTINUED DISCUSSION – ORDINANCE - Amending the General Plan land use map by changing the land use from medium density residential to regional commercial and amending Section 22-5-3(A) and the zoning map of the Orem City Code by rezoning 0.35 acres from R6 to HS at 2008 South Sandhill Road.

Mr. Bench reviewed with the City Council the background information, noting that on May 27, 2014, the City Council had continued the item to allow the applicant time to work with the neighborhood and consider proffering a development agreement which would outline specific restrictions to help mitigate neighborhood concerns. Additional information concerning the development agreement was provided at the public hearing. He said YESCO's request was that the City Council rezone a small parcel of land it owns at 2008 South Sandhill Road and an adjoining parcel owned by the City from the R6 zone to the Highway Services (HS) zone. The two parcels included in the request comprise 0.35 acres (15,246 square feet.) The property bordering the subject property on the north was also zoned HS.

Mr. Bench said the application consisted of two parts. The first was to amend the General Plan land use map of the City from medium density residential to regional commercial. The second part was to amend the zone map of the City by changing the zone from R6 to Highway Services (HS).

YESCO was making the request because it desired to maintain an LED sign on its existing billboard at this location. YESCO first erected a billboard on this property in approximately 1998. At that time the YESCO parcel consisted of 0.56 acres or 24,393 square feet. Up until 2005, the property was in unincorporated Utah County and was zoned Industrial-1.

In 2005, YESCO filed an application to have the property annexed into the City. At approximately the same time, the City was negotiating with YESCO to acquire a part of the property so that the City could construct a storm water detention basin and a roundabout at the intersection of 2000 South and Sandhill Road.

The City needed to acquire as much of the YESCO parcel as possible in order to construct the desired improvements; YESCO was willing to work with the City to accomplish that goal. YESCO's only interest at the time was to retain enough property to allow it to continue operating a billboard on the property. YESCO agreed that it would sell as much of its original parcel to the City as it could while still retaining enough property to meet a minimum lot size requirement. The City suggested applying the R6 zone to the property as that zone required only a 6,000 square foot lot size and was the only zone that allowed a lot of less than 7,000 square feet. The intent was to apply a zone that would allow the City to purchase the greatest amount possible of YESCO property. YESCO agreed to this proposal with the belief that the R6 zone would not in any way impede its ability to continue operating a billboard on the property.

In accordance with that understanding, the City Council annexed the YESCO property into the City on September 27, 2005 and applied the R6 zone to the property. The minutes of the City Council meeting of September 27, 2005 reflect the parties' intentions and state in part: "In order

to maximize the area that the City can purchase and use for storm water detention, the City and YESCO desire that the parcel that YESCO will retain ownership of be as small as possible.”

The City subsequently completed its purchase of all but 6,430 square feet of the YESCO property and proceeded to construct the detention basin and the roundabout. YESCO continued to maintain the billboard on the remaining parcel.

As part of UDOT’s I-CORE I-15 project, UDOT constructed sound walls along the eastern edge of I-15 that obstructed the view of YESCO’s billboard to traffic on I-15. In January 2013, YESCO applied for and received a permit from UDOT to increase the height of the billboard in order to make it clearly visible over these sound walls. YESCO also requested and received a permit to install a new LED sign on the south face of the billboard. Subsequent to receiving the permit, YESCO proceeded to increase the height of the billboard and installed the new LED sign.

In approximately March 2013, following installation of the LED sign on the south face of the billboard, the City received complaints from residential neighbors about the LED sign. While looking into the legality of the LED sign, the City discovered that on YESCO’s permit application to UDOT, YESCO had inadvertently indicated that its property was in a commercial zone. When the City notified UDOT that the YESCO property was actually in the R6 zone, UDOT indicated that it would not have issued a permit for the installation of an LED sign on the billboard if it had known the property was in a residential zone. UDOT indicated that it would not allow this type of upgrade on a billboard unless the property was located in a commercial or industrial zone. However, UDOT indicated that the increase in the billboard height was still appropriate as a billboard company has the right to make its billboard clearly visible in the event that it becomes obstructed due to highway improvements.

Following the receipt of that information, City staff notified YESCO that it would either need to remove the LED sign or have its property rezoned to a commercial or industrial zone. City staff had also held ongoing discussions with YESCO representatives and neighbors in the area to see if some kind of compromise could be reached that would allow YESCO to keep the LED sign while mitigating the sign’s impact on neighbors. Some of the options that have been discussed include (1) keeping the sign message static (no sign changes) during certain hours such as between midnight and 6:00 a.m., (2) slowing the rate of ad changes so that the message changes appear less abrupt, and (3) prohibiting an LED sign on the north face of the billboard. Those discussions had continued up until shortly before the Planning Commission meeting although no final agreement had been reached. In the event that a compromise agreement was reached, City staff recommended that such agreement be memorialized in a development agreement prior to any City Council action.

If the City Council rezoned the property to HS, UDOT would most likely allow YESCO to maintain the LED sign. If the City Council denied the application and the property remained R6, UDOT would likely require YESCO to remove the LED sign. However, even if the property remained R6, YESCO will maintain the right to have a traditional billboard on the property at its current height.

YESCO held a neighborhood meeting on April 9 with five neighbors or property owners in attendance. The concerns of the neighbors included the height and the LED panel. Some

neighbors felt the billboard was too high. Others felt the LED sign may be acceptable and less obtrusive if kept at the existing height.

The Planning Commission first heard this request on April 23, 2014, but continued the item to May 7, 2014. Planning Commission members wanted to make a night visit to the site to see what impact the LED sign had on neighbors. Mike Helm of YESCO met several members of the Planning Commission (staggered times) on May 2, 2014, to view the sign at night and to examine readings of a light meter while directed at the LED sign. They also went into the home of a nearby resident to see how the LED sign affected the enjoyment of her house.

Advantages

- A rezone of the property to HS would allow YESCO to maintain the LED sign on the south face of the billboard and avoid the expense and investment loss that would arise from removing the LED sign. This would also allow YESCO to realize the expectations it had at the time of annexation that application of the R6 zone would not negatively affect its ability to operate a billboard on the property.
- LED was generally less bright than standard lighting on billboards which may result in less overall light pollution.
- Application of the HS zone to the property would not open the door to other commercial uses since existing easements on the property would prevent any use other than the billboard.
- YESCO had indicated that it was willing to commit not to install an LED sign on the north face of the billboard.

Disadvantages

- Some neighbors found the existence of an LED sign on the south face of the billboard to be less desirable than a traditional billboard face.
- If the property was rezoned HS, an LED sign could also be installed on the north face of the billboard unless a development agreement prohibiting this is executed prior to City Council action.

Mrs. Black asked what the response was about having a static image from dusk until dawn. Her concern was that the problem with the changing images came about when it got dark, not just when people wanted to go to bed.

Mr. Helm said YESCO's proposal was because rush hour did not follow the sun. In the winter, it got dark between 4:30 p.m. and 5:00 p.m. which was during rush hour. Going to a static time that early would not pose a problem for YESCO and its clients.

Mrs. Black asked Mr. Helm if there was a time after rush hour that YESCO would go to a static image.

Mr. Helm said rush hour traffic often moved beyond the 6:30 p.m. hour. The value for people paying to have their ads on the sign was in the early evening hours when more people were on the road and would see the ads.

Mrs. Black said there was a big difference between 11:00 p.m. and 7:00 p.m.

Mayor Brunst asked the revenue difference between the static signs and the LED sign. He also asked how many LED signs YESCO had in Orem.

Mr. Helm said a static advertisement was one client buying the space for a certain period of time, whether it was one month, twelve months, or twenty-four months. The LED digital ads allowed YESCO to have six advertisers using that sign at once, and the revenue was essentially six times the revenue of a static sign. Mr. Helm said YESCO had two LED signs in Orem.

Mr. Spencer asked about UDOT's regulations in prohibiting billboards in residential zones.

Mr. Bench said LED signs were prohibited in residential zones.

Mr. Seastrand said it seemed the LED sign was more visible and more disruptive at night. He said he believed the residents in the area made a reasonable request to have the static image in the evening hours. Mr. Seastrand asked if there was any reason YESCO could be more accommodating with a static image in the evening hours.

Mr. Helm said that possibility had been discussed. YESCO's concern was to keep as much value as it could. Keeping the rotation of the ads ensured the sign's value. Mr. Helm added that the property was zoned residential when YESCO sold the property in 2005. At that same time there was neighboring property which was zoned HS. YESCO was merely asking to get the zoning back, so it could do business in the way it was able to before the property was annexed.

Mr. Macdonald inquired how much more light would come from an illuminated regular billboard sign than from a static image LED sign. He asked if neighbors would notice the difference.

Mr. Helm said it would be a constant light. A lighted billboard would generate more light than the static image LED.

Mr. Spencer said the last time the Council considered the request, the discussion centered upon the intensity of the light. Mr. Spencer asked if the sign's brightness could be decreased in percentage.

Mr. Helm said the signs controlled themselves. At night they were at 3-5 percent of total possible brightness, and during the day the signs ran at 100 percent. YESCO intended to maintain the way it had been regulating the brightness of the sign during the day and night.

Mayor Brunst asked how much revenue would be lost if YESCO was to make the sign static from dusk on.

Mr. Helm said YESCO had not gotten into the numbers very far because the suggested ones did not meet YESCO's sales director's expectation.

Mrs. Black said if the Council was to vote against rezoning the property, then YESCO would have to go back to a regular billboard sign. She asked if YESCO was willing to do anything, or if they had an "all or nothing" sort of mentality about the static images in the evening.

Mr. Helm said that moving the time was too restrictive to the clients who were renting the space.

Mrs. Black said she gathered that the Council was to either approve the rezone or deny the rezone.

Mr. Macdonald said he would be comfortable with eight o'clock being the time the sign moved from a rotating image to a static one.

Mr. Seastrand said the challenge was if the decision was made to deny, when the Council could bring this back for reconsideration.

Mr. Earl said it would be a year before YESCO could bring it back to the Council. He suggested giving YESCO direction on what to include in the development agreement, and then allow YESCO to consider and decide whether or not to come back before the Council.

Mayor Brunst said Orem could not have built the roundabout without the property which was sold to the City by YESCO.

Mr. Seastrand asked if the property was in Orem's boundary at the time the City made the purchase transaction.

Mr. Bench said it was annexed from county property as I-1. It came into the City as R6.

Mayor Brunst opened the public hearing.

Leslie Nelson said when she had trouble with lights coming into her bedroom from streetlights she installed black out curtains to skirt the issue. People were worried of change and people might be over reacting. The concerns of the Council were classic things heard as far as the tension between government intervention and citizen rights. She said she thought people should be in favor of controls that protect citizens, but that people should also be mindful of what YESCO had done for the City.

Sheldon Ercanbrack said the only concern he had was that the sign would potentially devalue his property.

Mikaela Dufur said she appreciated that Orem supported businesses and hoped Orem appreciated family. She would like to see YESCO consider what the City Council had to recommend. She asked the Council to consider a conservative approach to the issue, so as to protect family and property rights in the neighborhood.

Mike Whimpey read a letter from the Marshall family about their negative view of the sign. He said he did not feel YESCO was negotiating with the neighbors in good faith.

Garr Judd, Lakeview neighborhood cochair, asked for the Council to hear a few more comments from members of his neighborhood.

Darin Fielding said he was not against LED signs, but they were not meant to be in a residential area. He said there was a big difference between signs in industrial areas and signs in residential areas, and the inherent purpose of LED signs was to grab attention. Mr. Fielding said there was

no problem when the sign was a regular sign. He said he did not want to shut himself out of the world just to block out the nuisance light coming from the sign.

Mark Bowden said one good thing about the LED sign was that he did not have to use a flashlight to feed his horses at night because the sign was so bright. He voiced appreciation for the efforts of Mr. Helm in his attempt to come to an agreement. Mr. Bowden said Orem did not do spot zoning. He asked the City Council to help the neighborhood and stand behind them.

Elyse Herring wondered why the property wasn't originally zoned commercial. She said the neighborhood was constantly fighting against encroachments and asked the City Council to take that into account as it made a decision.

Teresa Kurr suggested that YESCO increase the time in between ad transitions so YESCO could still have a rotating image and the neighbors wouldn't be as bothered by it.

Mayor Brunst closed the public hearing.

Mr. Sumner said there was nothing that could be done about the sign height. He asked Mr. Helm if it was possible to increase the time between ad transitions.

Mr. Helm said it was possible, though it was not in YESCO's business model to do so. Mr. Helm said the only way YESCO could grow its business was to install these kinds of LED signs due to the caps that are placed on billboard signs within municipalities.

Mr. Spencer said his concern was that YESCO had been given an extension of two weeks. With that extension YESCO should have come back with its best offer. Mr. Spencer said YESCO should have come back with more concessions to the neighborhoods, but it did not do that.

Mr. Helm said YESCO was negotiating in good faith. He said YESCO had been negotiating on the same terms for some time.

Mr. Seastrand expressed appreciation to Mr. Helm for doing the best he could. Mr. Seastrand asked if it was possible to relocate the sign where it was not in a residential zone.

Mr. Earl said they could relocate the LED on any other billboard. The only other location they could go to was the west side of the freeway.

Mr. Seastrand asked if YESCO had looked at relocating.

Mr. Helm said they had not. The property the current sign was located on was owned by YESCO, making it ideal because YESCO did not have to pay a lease.

Mrs. Black said there were other options to take the LED sign.

Mr. Helm agreed. If YESCO had to take the LED sign down they would have to find another place for it.

Mayor Brunst said the freeway reconstruction had compounded the problem because the sign had to be raised above the new freeway. In doing so, the sign now shined over the entire neighborhood.

Mr. Andersen asked if Mr. Helm would go back and talk to his boss.

Mr. Helm said he was always willing. He could go back and tell them that 11:00 p.m. to 6:00 a.m. was not well received by the Council and would see what his boss had to say.

Mr. Andersen said he was sympathetic to YESCO. He said YESCO had helped the City with the property purchase to make way for the round-about and the detention basin, and then the City had zoned the property and created the problem.

Mr. Helm said he wasn't with YESCO at the time the property was annexed. He was aware that others had asked why it had not been addressed when the property was annexed.

Mr. Andersen said he doubted the City's foul was intentional, but it did boil down to the City zoning the property R6 at the time.

Mr. Earl said Mr. Helm was YESCO's contact point the City had been working with for over a year. Mr. Earl said he believed Mr. Helm acted in good faith, as had the neighbors. Part of the benefit of perspective was that Mr. Helm had seen the concerns of the neighbors and had been at the City Council meeting to get the feel and flavor of what had been going on. Mr. Helm's superiors had not had that benefit. Mr. Earl said his perception was that, while Mr. Helm might be somewhat sympathetic to some of the requests, when those requests were taken back to YESCO superiors they did not have the same feel or understanding. When Mr. Helm would report to his superiors what the neighbors wanted, the superiors were probably thinking the requests Mr. Helm was presenting were unreasonable. Mr. Earl said his guess was that if the Council had some kind of firm line stating that the Council would only rezone the property if YESCO agreed to certain parameters, then it might help the YESCO superiors to see the situation a little bit better.

Mr. Helm said Mr. Earl was right. It was hard for the superiors to understand when they had not been sitting in meetings for the past eight or nine months.

Mayor Brunst asked if Mr. Helm thought his superiors were willing to understand the situation or if they were of the opinion that they wanted the rezone one way or another.

Mr. Helm said his job was to represent YESCO and to take the voice of the community and represent them to YESCO as well. He said his thought was that, with YESCO wanting eleven o'clock and the citizens wanting dusk to be when the sign went static, those were two broad times, especially depending on the time of year. Mr. Helm said if that was the way involved parties in the discussion were willing to move, then the community would have to come that way too. Mr. Helm said that, unfortunately, he was the messenger, and sometimes the messenger got shot.

Mr. Earl said one of the things discussed at an earlier meeting was if there was an earlier curfew, such as seven or eight o'clock, the City could have a caveat that would dictate that it would be no

later than seven or eight o'clock at night. It would be the earlier of an hour after sunset, or seven or eight o'clock, whichever was later.

Mayor Brunst said he thought there had been good comments on the issue and asked for a motion from the Council.

Mr. Andersen **moved** to allow Mr. Helm to go back and talk to YESCO and see if they were willing to go to an eight o'clock time as far as static images on the LED sign.

Mayor Brunst said he believed Mr. Andersen was making a motion to continue.

Mr. Andersen said yes, he was motioning to continue the item.

Mr. Earl said he thought there needed to be a line in the sand about whether the Council was willing to rezone the property at all.

Mayor Brunst asked Mr. Earl if the Council could make a motion to allow the rezone with restrictions. He said he understood that, before, the City Council expected to have an agreement ahead of time showing the restrictions. The Council did not have that agreement, so coming forward from the Council could vote either way.

Mr. Earl said he thought everyone involved would need to know if the Council was willing to rezone the property at all, and under what circumstances the Council would allow the rezone. At that point, the discussion should be continued to incorporate the Council's requests in a development agreement. If YESCO was willing to sign that agreement, then the agreement would be brought back to the Council. If YESCO was not willing to sign, then the Council would know they were not willing to agree to it.

Mayor Brunst said he was open so long as the LED sign did not change from sunset to sunrise, no matter what time of year it was.

Mr. Macdonald said he would be sympathetic to YESCO in wanting to catch commuter traffic. He said he did not know if that was in harmony with members of the neighborhood. He said he understood that YESCO could not turn on the sign at 7:30 a.m. and miss all the commuter traffic. Mr. Macdonald said he would be okay with set hours that were something between 6:00 a.m. to 8:00 p.m. He said he would be okay with passing it, and if YESCO did not like it, then the City would not rezone the property, and YESCO would deal with UDOT on the LED permit issue.

Mr. Andersen asked if he could second what Mr. Macdonald had said.

Mayor Brunst said he did not think Mr. Macdonald had made a motion.

Mr. Macdonald said he did not make a motion but said Mr. Andersen could turn it into a motion.

Mayor Brunst said he was waiting for more comments from the Council before he would entertain a motion.

Mrs. Black said she was a little bothered by eight o'clock because on a winter's night eight o'clock was pretty late.

Mr. Seastrand said there was some discussion about changing the interval that the ads cycled through from eight seconds to a longer period, such as once every ten minutes after a certain hour. He asked Mr. Helm if that would mitigate YESCO's and the neighborhood's concerns.

Mrs. Black said she did not want anything changing clear to eleven o'clock.

Mayor Brunst said the ad intervals were run by computer, so if YESCO were to change as the seasons changed then it would not be that difficult to do.

Mr. Helm said that was something they could program.

Mr. Spencer said the sign went down to 250 nits at night and asked what the opportunity was in taking the sign down to 100 nits.

Mr. Helm said there was a point where the sign became so dim that it could not be seen. YESCO did not want the sign to appear any more lit than a regular faced sign. Mr. Helm said that when measuring the sign's light in nits, the lights on the north face were brighter than the LED lights on the south.

Mr. Spencer said his concern was that when the sign was not LED, there had been no complaints from the neighbors.

Mayor Brunst **moved** to amend the General Plan land use by changing from medium density residential to regional commercial, and to amend Section 22-5-3A and the Zoning Map of the Orem City Code by rezoning .35 acres from R6 to HS at 2008 South Sandhill Road, with the signs staying static from sunset to sunrise each day, depending on the season. Mrs. Black **seconded** the motion.

Greg Stephens, City Attorney, said the Council would need to approach the action in a different manner. As far as the zone went, the City Council was either approving the zone change or not. The way the Council could put conditions on it would be through a development agreement.

Mayor Brunst said he thought that was the case, but the Council did not have the development agreement.

Mr. Stephens said there was a development agreement where YESCO agreed to the two things, and it appeared the Council wanted additional factors in the development agreement. He said if the Council wanted to consider those, he said he would suggest the Council continue the discussion to another meeting, and indicate to YESCO the factors that the Council would insist on in a development agreement before it would consider the zone change. The development agreement would be amended before the meeting and signed by YESCO.

Mayor Brunst said he thought the Council needed to have the development agreement in place and withdrew his motion. He asked the Council if there were other items or concerns to add to the agreement and asked for a motion to continue this to two weeks in the future.

Mrs. Black asked if the Council needed to specify what needed to be in the agreement.

Mayor Brunst said that was what he had just asked for.

Mrs. Black asked if Mayor Brunst wanted the Council to bring up those concerns.

Mayor Brunst said he would. The idea was to have a motion to continue with the idea that the Council would like to see certain items in the agreement. He said he was not sure two weeks from the meeting would be the date.

Mr. Bench said it would have to be continued to June 17, 2014, which was the next City Council meeting.

Mayor Brunst said there were two items in the agreement as it stood:

- North side of the sign would stay static
- Static ad on LED side from 11:00 p.m. to 6:00 a.m.

Mrs. Black said he had suggested sunset to sunrise instead of 11:00 p.m. to 6:00 a.m. static time.

Mr. Macdonald said he had suggested a timeframe of 8:00 p.m. to 6:00 a.m. static time. He said he understood YESCO's need to hit the commuter traffic.

Mayor Brunst said the Council was not voting on the agreement right then. Instead the Council was only making suggestions as to what it wanted to see in the development agreement.

Mr. Davidson suggested that each respective member of the City Council should voice what they were comfortable with including. Based on the Council's feelings, the applicant could gauge where he needed to go.

Mayor Brunst asked if Mr. Davidson was intending for the Council to voice those opinions at the meeting or over email.

Mr. Davidson said it would be best to voice the opinions and concerns at the meeting.

Mr. Andersen said he would go with what Mr. Macdonald, 8:00 p.m. to 6:00 a.m.

Mr. Spencer said he was not in favor of the rezone at all. He said he thought the sign should go back to a non-LED sign.

Mr. Seastrand said he was of the same opinion. The discussion back and forth had gone on long enough. If YESCO did not want to find a way to work it, then Mr. Helm should go back and tell his superiors that was okay, and that the Council would just leave the property zoned as it was.

Mr. Sumner said he was comfortable with the 11:00 p.m. to 6:00 a.m., which was what YESCO agreed on.

Mrs. Black said she was torn between not rezoning and the sunrise to sunset.

Mayor Brunst called for a motion.

Mr. Helm said it was reasonable for YESCO to ask for somewhere in the middle of the already agreed 11:00 p.m. to 6:00 a.m. and the sunset to sunrise suggestion.

Mayor Brunst said he was not interested in going on forever with the discussion process.

Mrs. Black said the Council was not in to compromise. The Council would either decide to not do it, or they would decide to allow the LED sign with the limited evening hours. She said more Council members were leaning toward denying the request than approving the request.

Mr. Spencer **moved** to deny the zone change request. Mr. Seastrand **seconded** the motion. Those voting aye: Margaret Black, Mark E. Seastrand, and David Spencer. Those voting nay: Hans Andersen, Richard F. Brunst, Tom Macdonald, and Brent Sumner. The motion **failed**, 3-4.

Mayor Brunst **moved** to continue the item to June 17, 2014. Mr. Andersen **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 7-0.

6:00 P.M. PUBLIC HEARING

ORDINANCE - Amending the Current Fiscal Year 2013-2014 Budget

Brandon Nelson, Accounting Division Manager, presented a staff request to amend the current Fiscal Year 2013-2014 Budget. The Fiscal Year 2013-2014 City of Orem budget has many adjustments that occur throughout the fiscal year. These adjustments include grants received from Federal, State, and other governmental or private entities/organizations; Water Reclamation facility ultra violet disinfection system funding; funding SCBA equipment for the Fire Department; increasing the allowance for bad debt for UTOPIA pledge payments; providing operating funds for the Recreation Fund; and various other smaller technical corrections or minor budget adjustments that needed to be made.

Mr. Nelson invited questions from the Council in relation to the budget amendment.

Mr. Macdonald asked for Mr. Nelson to share with the Council the overall net increase or net decrease.

Mr. Nelson said the net increase was \$3,706,205.28.

Mayor Brunst asked for an explanation regarding UTOPIA contingency pledge payments.

Mr. Nelson said when the City paid that UTOPIA pledge under the agreement those payments were to be repaid, so it was booked as an accounts receivable transaction. However, due to situations over the last few years, the City had placed what was termed as an allowance against that accounts receivable transaction. The City had not written off anything, but rather it had placed an allowance so the City could say whether or not it expected to receive the accounts receivable in any sort of near term, such as within the next five years. The City had booked an allowance against a large portion of the account receivable from UTOPIA. The amount that was being asked to be amended was the remaining net allowance.

Mayor Brunst said he understood any money the City spent toward the pledges had to be set up a loan to UTOPIA. He asked Mr. Nelson if there were specific loan documents showing time periods and interest rates for the pledge payments.

Mr. Nelson said that the transactions showed as an account receivable, not as a loan.

Mayor Brunst opened the public hearing.

Bob Wright, resident, said he was puzzled why the City was considering the change at the end of June. He asked what the purpose was for making changes for half of the month.

Mr. Nelson said many of the items on the amendment would be carried over into the next fiscal year. Large portions were related to grants that had yet to be expended. The UTOPIA piece was a huge part of that number as well.

Leonard Lee, said he had received a letter in the mail talking about the concept of moving the excess of water sewer and storm water to the General Fund. He was concerned that brought forth a red flag. He said he did not think it was good fiscal practice to use fees to support the general fund.

Mayor Brunst closed the public hearing and entertained a motion.

Mrs. Black **moved**, by ordinance, to amend the Fiscal Year 2013-2014 Budget. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 7-0.

6:00 P.M. PUBLIC HEARING

ORDINANCE - Approving and Adopting a Budget for Fiscal Year 2014-2015, Adopting Compensation Programs, Adopting Fees and Charges, Setting the Property Tax, Franchise Tax, Municipal Energy Sales and Use Tax, Telecommunications License Tax, Transient Room Tax, and E-911 Fee Rates

Jamie Davidson, City Manager, presented a staff recommendation that the City Council, by ordinance, approve and adopt the Fiscal Year 2014-2015 Budget, adopt the compensation programs, adopt the fees and charges schedule, set the property tax, franchise tax, municipal energy sales and use tax, telecommunications license tax, transient room tax, and E 911 fee rates.

On April 29, 2014, the City Council received a draft of the Tentative Budget for the Fiscal Year 2014-2015. Budget work sessions were held on April 29, May 13, and May 27, 2014, to discuss the budget. In addition, two public hearings were held to review CDBG budget requests.

The purpose of the public hearing was to consider the budget for Fiscal Year 2014-2015 along with the compensation program and the fees, charges and tax rates of the City.

The national and local economies had shown signs of improvement over the past year. The Fiscal Year 2014-2015 Budget was a balanced budget that was formulated with that environment in

mind as it did not include requests for tax increases and included only minor increases in utility rates.

Property taxes were not increased, the franchise tax and municipal energy sales and use tax rates remained at 6 percent and the transient room tax stayed at 1 percent. The telecommunications license tax was 3.5 percent and the E-911 fee was \$0.61 per month. With the exception of some minor adjustments to miscellaneous fees and charges, the only proposed fee increases were in the Water Fund and Storm Sewer Fund.

A \$0.25 per month water rate increase for a ¾” meter service (and a proportionate increase for all other meter sizes) was proposed in the Water Fund. That rate increase was needed to cover the increasing cost of using the City’s allocation of Jordanelle water and increased operating costs at the Utah Valley Water Treatment Plant that have been passed on to the City.

A \$0.25 per month increase was proposed in the Storm Sewer Fund to aid in the funding of capital improvements to the City’s storm water system.

Since the presentation of the Tentative Budget, the following changes were proposed:

General Fund

- Increased Development Services Department costs due to moving fire station facilities maintenance costs to the Facilities Division\$53,200
- Reduced Fire Department costs due to moving fire station facilities maintenance costs to the Facilities division(\$53,200)

Areas of Focus & Budget Guiding Principles

Brenn Bybee, Assistant City Manager, reviewed the City Council’s 2014 Areas of Focus and Budget Guiding Principles.

Areas of Focus

- Communication
- Employee Development
- UTOPIA
- City Facilities
- State Street
- Financial Sustainability
- Harmony

Budget Guiding Principles

- City Council—Incorporate policies and vision of the City Council.
- Self-Sustaining—Enterprise funds should be self-sustaining.
- One-Time Money—One-time revenues used for one-time expenses.
- Ongoing Money—Use sustainable, ongoing revenue sources to pay for ongoing expenses.
- Asset Management—Develop capital facility master plans for buildings, utilities, and other significant City infrastructure.

- Master plans should include strategic operations, maintenance, and replacement guidelines with supporting financial plans. Financial plans should justify rate structures that support the implementation of a master plan. Adopt rate structures that support the implementation of a master plan for a five-year period and redevelop plans every five years.
- Compensation—Develop and follow a market-driven compensation plan that will entice and retain good, quality employees.
- Vehicle replacement—Fund an annual vehicle replacement plan that prioritizes the replacement of qualified vehicles.
- Revenue Sources—Evaluate the health of revenue sources on a regular basis.
- The General Fund should be supported by diverse, stable revenue sources that do not collectively cause dramatic fluctuations over time.
- Reserves—Develop and maintain healthy enterprise fund reserves to sustain impacts of emergencies. Manage the General Fund reserves consistent with state law.
- Planning—Plan ahead with the big picture in mind.
- Provide a means for employees across department lines to consult with each other during planning processes. Seek community input through a variety of means, for example, a regular citizen survey.
- Debt—Debt will only be issued for projects that cannot be reasonably afforded through a pay-as-you-go savings plan.
- For example, a pay-as-you-go scenario may be rejected if to do so would require cutting services or increasing service fees higher than practical.

Comprehensive Overview of FY 2015 Budget

Richard Manning, Administrative Services Director, discussed the City’s revenues compared to other comparison cities in the area with regard to the estimated fee & tax impact on the average home.

Mr. Manning gave an overview of the Budget Citywide.

| Revenues | Inter-Fund Transfers In | Appropriation of Surplus | Total |
|--------------|-------------------------|--------------------------|--------------|
| \$78,434,750 | \$13,800,737 | \$158,088 | \$92,393,575 |

| Personnel | Operations | Capital | Total |
|--------------|--------------|-------------|--------------|
| \$39,199,809 | \$47,496,602 | \$5,697,164 | \$92,393,575 |

Mr. Manning explained the State’s requirement for the City to notify citizens of any fund transfers from public funds. He said, from an accounting perspective, the fund transfers had not changed anything. For example, the City paid for water, and water paid the General Fund. Mr. Manning said the transfers would cancel out.

Mr. Macdonald asked what the total capital assets were that the City covered.

Mr. Manning estimated that Water was approximately \$300 million in assets, Streets was approximately \$250 million, and Sewer Plant was about \$18 million. Mr. Manning said he was unsure of the value of the Sewer Pipe asset.

Mr. Macdonald suspected the Capital Budget was not adequate to maintain what the City had. Mr. MacDonald expressed concern to this end.

Mr. Andersen asked if the Sleepy Ridge Golf Course was kept green with water paid for by the City.

Mr. Manning said it was not. The City owned the land where the golf course sat, but the City was not paying to maintain it.

Mr. Manning explained the Citywide Expenditures, which were grouped by Department, Personnel, Operations, and Capital, with corresponding percentages as follows:

| FUND | PERSONNEL | OPERATIONS | CAPITAL | TOTAL | PERCENT |
|-----------------------------------|----------------------|----------------------|---------------------|----------------------|----------------|
| General | \$ 32,182,606 | \$ 16,012,879 | \$ 1,008,500 | \$ 49,203,985 | 53.3% |
| Road | 54,528 | 876,242 | 1,374,230 | 2,305,000 | 2.5% |
| CARE Tax | - | 1,710,000 | - | 1,710,000 | 1.9% |
| Debt Service | - | 7,341,116 | - | 7,341,116 | 7.9% |
| Capital Improvement Projects | - | 38,615 | 201,385 | 240,000 | 0.3% |
| Water | 2,130,800 | 8,991,194 | 1,189,383 | 12,311,377 | 13.3% |
| Water Reclamation | 2,029,606 | 3,945,353 | 1,052,892 | 7,027,851 | 7.6% |
| Storm Sewer | 819,237 | 1,647,665 | 643,598 | 3,110,500 | 3.4% |
| Recreation | 1,196,674 | 629,414 | - | 1,826,088 | 2.0% |
| Solid Waste | - | 3,273,127 | 123,873 | 3,397,000 | 3.7% |
| Fleet Maintenance | 373,899 | 243,101 | 35,000 | 652,000 | 0.7% |
| Purchasing & Warehousing | 252,729 | 110,271 | - | 363,000 | 0.4% |
| Self-Insurance | 65,635 | 1,609,365 | - | 1,675,000 | 1.8% |
| Timpanogos Storytelling Festival | - | 295,000 | - | 295,000 | 0.3% |
| Orem Foundation Trust | - | 10,000 | - | 10,000 | 0.0% |
| Community & Neighborhood Services | 94,095 | 619,150 | 68,303 | 781,548 | 0.8% |
| Senior Citizens | - | 51,250 | - | 51,250 | 0.1% |
| Telecommunications Billing | - | 60,000 | - | 60,000 | 0.1% |
| CITY TOTALS | \$ 39,199,809 | \$ 47,463,742 | \$ 5,697,164 | \$ 92,360,715 | 100.0% |
| CITY PERCENT | 42.4% | 51.4% | 6.2% | 100.0% | |

Mr. Manning reported that the City typically took care of things by funds, which were each like small businesses. The only reason for Operations to exceed the budgeted amount was due to debt service (shown as operating cost), the large contributions made by Solid Waste, and the purchasing of water which was a very large expense.

Mr. Manning drew the Council's attention to the chart listing departmental stewardship. The information was broken down by Department, Personnel, Operations, Capital, Total, and Percentages, as follows:

| DEPARTMENT | PERSONNEL | OPERATIONS | CAPITAL | TOTAL | PERCENT |
|-------------------------|----------------------|----------------------|---------------------|----------------------|----------------|
| Mayor and City Council | \$ 273,355 | \$ 185,800 | \$ - | \$ 459,155 | 0.5% |
| City Manager | 2,134,575 | 1,475,987 | 68,303 | 3,678,865 | 4.0% |
| Administrative Services | 1,960,365 | 9,850,981 | - | 11,811,346 | 12.8% |
| Legal Services | 843,637 | 135,650 | - | 979,287 | 1.1% |
| Development Services | 2,308,426 | 930,764 | 181,500 | 3,420,690 | 3.7% |
| Police Department | 10,943,495 | 1,630,466 | 32,000 | 12,605,961 | 13.6% |
| Fire Department | 6,747,323 | 1,037,784 | 50,000 | 7,835,107 | 8.5% |
| Public Works | 9,147,573 | 17,128,926 | 4,591,488 | 30,867,987 | 33.4% |
| Recreation | 1,828,533 | 876,017 | - | 2,704,550 | 2.9% |
| Library | 2,596,652 | 829,620 | - | 3,426,272 | 3.7% |
| Non-Departmental * | 415,875 | 13,381,747 | 773,873 | 14,571,495 | 15.8% |
| CITY TOTALS | \$ 39,199,809 | \$ 47,463,742 | \$ 5,697,164 | \$ 92,360,715 | 100.0% |
| CITY PERCENTS | 42.4% | 51.4% | 6.2% | 100.0% | |

* Expenditures of the CARE Tax Fund (\$1,710,000) & Solid Waste Fund (\$3,397,000) are included within the Non-Departmental expenditures since there is no specific department related to their operations.

Each department had a stewardship for the overall total budget. The CARE expenditures did not easily fall under one domain, and neither did the Solid Waste Fund, which was why they were included in Non-Departmental expenditures.

Mr. Manning covered the General Fund values compared to previous years. He explained that, as grants funds came in, those grants were added to the budget. The figures being presented were merely a budget projection only.

Mr. Manning discussed the General Fund revenues by type and provided the following percentage breakdowns:

- 3.29% - Building & Business Charges
- 0.67% - Grants
- 2.47% - Fines & Forfeitures
- 7.13% - Inter-Fund Transfers
- 2.36% - Miscellaneous
- 66.23% - Taxes
- 17.85% - Charges for Inter-Fund Services

The charge for services between funds was a fairly significant amount. The City would charge the enterprise fund for business-like services which were provided by the General Fund.

Mr. Manning discussed the General Fund by department. He said Personnel expenses compared to Operations expenses were tilted more to the Personnel side. Police and Fire were dominant pieces of the general fund as they were core services provided by the City.

Mr. Manning provided the following percentage breakdowns of the General Fund by Department:

- 25.62% - Police Department
- 15.92% - Fire Department
- 10.61% - Public Works
- 19.24% - Non-Departmental

- 1.68% - Recreation
- 6.34% - Library
- 0.93% - Mayor/City Council
- 5.89% - City Manager
- 4.82% - Administrative Services
- 1.99% - Legal Services
- 6.95% - Development Services

Mr. Manning further explained the General Fund by Department and broke down the information by Department, Number of Employees, Personnel, Operations, and Capital as follows:

| GENERAL FUND | FY 2014 - 2015 | | | | |
|-------------------------|----------------|----------------------|----------------------|---------------------|----------------------|
| | # OF EMP. * | PERSONNEL | OPERATIONS | CAPITAL | TOTAL |
| Mayor and City Council | 7 | \$ 273,355 | \$ 185,800 | \$ - | \$ 459,155 |
| City Manager | 20 | 2,040,480 | 856,837 | - | 2,897,317 |
| Administrative Services | 20 | 1,642,001 | 730,229 | - | 2,372,230 |
| Legal Services | 8 | 843,637 | 135,650 | - | 979,287 |
| Development Services | 25 | 2,308,426 | 930,764 | 181,500 | 3,420,690 |
| Police Department | 115 | 10,943,495 | 1,630,466 | 32,000 | 12,605,961 |
| Fire Department | 69 | 6,747,323 | 1,037,784 | 50,000 | 7,835,107 |
| Public Works | 36 | 3,739,503 | 1,386,756 | 95,000 | 5,221,259 |
| Recreation | 5 | 631,859 | 195,353 | - | 827,212 |
| Library | 35 | 2,596,652 | 524,620 | - | 3,121,272 |
| Non-Departmental ** | 0 | 415,875 | 8,398,620 | 650,000 | 9,464,495 |
| TOTALS | 340 | \$ 32,182,606 | \$ 16,012,879 | \$ 1,008,500 | \$ 49,203,985 |

* Number of benefitted employees

** The Non-Departmental personnel costs relate to insurance benefits of retired employees

Mr. Manning reviewed organizational changes within the city. He said Information Technology was being moved from Administrative Services to the City Manager department; the Fire Facilities maintenance was being moved from the Public Safety to Development Services; and the Police and Fire Departments, previously having operated under a single Public Safety department, were being moved to create a separate Police department and separate Fire department.

Mr. Manning went over each of the departments within the City by presenting to the City Council organizational flow charts indicating the key leadership positions and responsibilities within each department.

Mr. Manning explained the departmental key challenges that were addressed in the FY 2014-15 Budget, and attributed them to the City Council's Areas of Focus as follows:

City Manager

- Additional funding provided for State mandated retirement - (*Financial Sustainability*)
- Funding recommended for pay for performance compensation first since FY 09 - (*Employee Development*)

Administrative Services

- Additional funding provided for State mandated retirement - (*Financial Sustainability*)
- Funding recommended for pay for performance compensation first since FY 09 - (*Employee Development*)

Legal Services

- \$40,000 had been put in the Legal Services budget to address the issue of falling behind with case work. The City Attorney's office would be able to use that \$40,000 added in the budget to fill in that gap.

Development Services

- Complete Impact fee studies - (*City Facilities & Financial Sustainability*)
- Complete engineering for funded capital projects - (*City Facilities*)
- City Center security improvements funded - (*City Facilities*)

Police Department

- Launch stand-alone Police Department - (*Employee Development & Harmony*)
- Developing Online Traffic School Program - (*Communication & Financial Sustainability*)
- Increased vehicle and safety equipment replacement - (*City Facilities*)

Fire Department

- Launch stand-alone Fire Department - (*Employee Development & Harmony*)
- Provides annual set-aside for safety equipment - (*Financial Sustainability*)
- Funding for emergency mass communications software - (*Communication*)
- Funding for upgrading of extrication equipment - (*Financial Sustainability*)

Public Works (General Fund Portion)

- Increased Jordanelle water assessment met through \$0.25 base rate increase - (*Financial Sustainability*)
- Finalizing utility master plan updates and impact fee study - (*City Facilities & Financial Sustainability*)
- Funding for new Palisade park - (*City Facilities*)
- Additional vehicle replacement- (*City Facilities*)

Library

- Placing focus on building maintenance - (*City Facilities & Financial Sustainability*)
- Replacing carpet in Children's area of the library - (*City Facilities*)

Mr. Manning said the Recreation fund included the Fitness Center and the Scera Pool, in addition to the outdoor programs and basketball. Each sports program stood alone and was very small. The City tracked the individual programs to see how each fared.

Mayor Brunst asked if the cemetery sexton was able to keep up with the upward trend of funeral and burial needs at the cemetery.

Chris Tschirki, Public Works Director, said there had been an increase in funerals and burials, though he thought the increase was probably not more than five percent above the previous year. Mr. Tschirki said the current cemetery sexton had assumed the role of sexton after the previous sexton retired; however, the position left vacant by the current sexton had not been refilled. Due to that fact, the Cemetery had been operating with one less person over the last year and a half.

Mr. Manning said there was a societal push to move funerals to Saturdays which had created some issues for the cemetery as well.

Mr. Manning said that a significant portion of the City's budget was considered non-departmental, which was made up of areas that did not fit well in any other place in the budget, such as UTOPIA Operations, Retiree & Other Benefits, Vehicle Replacement Program, Fund Charges, Fund Transfers, and other expenditures.

Mr. Manning reported the budget process had begun approximately eighteen months prior to when it would be rolled. One of the handicaps the City faced in the budget planning process was the late notice of the Certified Tax Rate. The City received notice of the Certified Tax Rate on June 9, 2014. The City had anticipated \$5 million in revenues from property taxes, but the actual rate ended up being \$4,722,754 which was approximately \$277,256 less than projected.

Mr. Manning indicated the City forecasted \$17 million in sales tax revenue. The City was trending to \$18.7 million in sales tax for Fiscal Year 2015, so the City budgeted \$18 million. The City was aware of losing a fairly large sales tax contributor, but even with that consideration, budgeting \$18 million in sales tax was a conservative estimate. He said the budgeted amount took into account the difference in projected property tax value and a newly negotiated fire services contract with Vineyard City which had increased to \$77,000. The City felt positive that the short fall would be covered with those considerations. The City could roll forward being decently assured that the budget would suffice as long as the economy followed the track it was on.

Mr. Manning said the Road Fund was made up of revenues received from the collection of gas tax paid at the pump. The City received approximately \$2.3 million each year, and the City used those funds primarily for preventative road maintenance because that was the best return the City could have on that money.

Mr. Manning said the CARE Tax Fund showed revenue budgeted for expenses in FY 16, and the City Council would budget whatever the number truly turned out to be.

Mr. Manning then said the Debt Service Fund was where debts associated with the General Fund got paid.

The Capital Improvements Fund included the capital maintenance area of the General Fund. Dedicated revenue to this end was very little.

Mayor Brunst asked what the appropriation of surplus meant.

Mr. Nelson said the appropriation of surplus for the Capital Improvement Fund was the “savings account” dollars—money that was budgeted for projects which was not used and therefore carried over to the following fiscal year.

Mr. Manning said gave an overview of the Capital Projects budgeted for in the FY 2015:

| Project Description | Budget |
|--|------------------|
| Center Street/Geneva Rd to I-15 | \$67,000 |
| City Center Council Chamber Improvements | \$60,000 |
| Miscellaneous Projects | \$74,385 |
| Total | \$201,385 |

Mr. Manning said there was \$12 million in revenue in the Water Fund. That money would be spent primarily on the purchase of water, as well on supplying, distributing, and maintaining capital to keep things going. Over the years meter reading had moved back and forth between the Water Fund and the General Fund; currently the meter reading was with the Water Fund.

Mr. Manning said staff was addressing the following concerns with regard to the Water Fund:

- Annual Jordanelle water allotment increase met with \$0.25/3/4 inch meter base increase - (*Financial Sustainability*)
- Continuing to replace 4-inch lines with 8-inch lines - (*City Facilities*)
- Canyon Springs pump & wet well rehabilitation - (*City Facilities*)

Mr. Manning gave an overview of the Water Capital Projects budgeted for in the FY 2015:

| Project Description | Budget |
|---|------------------|
| Canyon Springs – Phase 2 Homestead | \$250,000 |
| 4-Inch Waterline Replacements to 8-Inch | \$250,000 |
| Equipment Replacement | \$569,000 |
| Miscellaneous Water Projects | \$120,383 |
| Total | \$201,385 |

Water Reclamation was the other part of the Water Fund. The following concerns were being addressed with regard to Water Reclamation:

- Replace Jet Vac Truck for line cleaning - (*City Facilities*)
- Update master plan - (*City Facilities & Financial Sustainability*)
- Sewage lift station upgrades - (*City Facilities*)
- Installing improved SCADA equipment - (*City Facilities & Communication*)

Mr. Manning gave an overview of the Water Reclamation Projects budgeted for in the FY 2015:

| Project Description | Budget |
|------------------------------------|---------------|
| Vehicle Replacement | \$308,000 |
| Methane Chiller & Scrubber | \$250,000 |
| Equipment Replacement | \$165,000 |
| Routine Maintenance – Beverly Area | \$150,000 |
| Pip Liner Projects | \$100,000 |
| GPS Rover | \$29,000 |

| | |
|--|--------------------|
| Mini-Scout Camera | \$15,000 |
| Miscellaneous Water Reclamation Projects | \$35,892 |
| Total | \$1,052,892 |

Mr. Manning said Storm Sewer/Storm Water was a relatively new utility for the City. Mr. Manning detailed the projects intended to be addressed:

Storm Sewer Capital

| Project Description | Budget |
|----------------------------|------------------|
| Replace Street Sweeper | \$250,000 |
| Replace Utility Truck | \$75,000 |
| Replace Riding Lawnmower | \$15,750 |
| Miscellaneous Projects | \$302,848 |
| Total | \$201,385 |

Mr. Manning covered the Recreation Fund, and said there had been declining attendance at the Fitness Center. Challenges addressed by the proposed budget included the following:

- Temporary plan to cover revenue short-falls - (*Financial Sustainability*)
- Open new in-door recreational pool - (*City Facilities*)

Mr. Spencer asked what “group use” was. Mr. Manning replied “group use” referred to the instance when the Scera Pool was opened up for parties after the typical public hours were over.

There were no Solid Waste Fund fee increases being proposed. The City intended to maintain the current programs. The challenges addressed in the proposed budget included:

- Collection fees held at current levels - (Financial Sustainability)
- Continue collection programs through Waste Management - (Financial Sustainability & Communication)

Mr. Manning reviewed the following:

- Fleet maintenance was all internal. Purchasing was similar in that it was internal and static in what it did. Self-insurance funding came from various departments that paid fair shares of risk exposure.
- Community and Neighborhood Services funds varied depending on grant funds allocated over the course of the year.
- Senior Citizens Fund was a lot like recreation in that the funds were very small.

Mr. Manning outlined the big things the City had funded through the FY 14 budget

- Fire – SCBA \$600,000
- Council Chambers AV \$47,150
- 2% Salary (Apr - Jun 2014) \$105,000
- GBS Benefits Consultant \$36,000
- Sustainability Study \$60,000
- Integrated Library System (base) \$100,000

Mr. Manning reviewed the proposed fees and charges, which were presented as follows:

| Development Services | | |
|--|-------------|-----------|
| Fee | From | To |
| Annexation Request | \$1,000 | \$1,500 |
| City Code Amendment | \$600 | \$900 |
| Conditional Use Permits | \$600 | \$800 |
| Review Plats – Extra Reviews (2-7) | \$1,000 | \$1,500 |
| PRD Preliminary | \$700 | \$800 |
| PRD Final | \$400 | \$600 |
| Plat Amendments | \$600 | \$800 |
| Site Plan Administrative Approval | \$400 | \$500 |
| Zoning Ordinance Amendment | \$800 | \$1,200 |
| Zoning Ordinance Amendment New PD Zone | \$1,000 | \$2,000 |
| Road Bore Fees (0-2 Years) | | \$5,000 |
| Road Bore Fees (2-5 Years) | | \$250 |
| Road Bore Fees (5+ Years) | | \$150 |

| Public Works – Water (for Jordanelle) | | |
|--|-------------|------------|
| Fee | From | To |
| ¾ - inch meter | \$13.69 | \$13.94 |
| 1 - inch meter | \$34.69 | \$35.32 |
| 1 ½ - inch meter | \$97.65 | \$99.44 |
| 2 - inch meter | \$160.63 | \$163.57 |
| 3 - inch meter | \$244.61 | \$249.08 |
| 4 - inch meter | \$412.55 | \$420.08 |
| 6 - inch meter | \$1,042.31 | \$1,061.35 |
| 8 - inch meter | \$1,392.21 | \$1,417.63 |
| 10 - inch meter | \$2,088.32 | \$2,126.45 |

| Public Works - Cemetery | | |
|--|-------------|-----------|
| Fee | From | To |
| Cemetery Lot | \$1,000 | \$1,200 |
| Cemetery Lot ½ Space for Edge of Road | \$550 | \$600 |
| Adult Burial | \$500 | \$600 |
| Jr. Burial | \$400 | \$600 |
| Saturday Internment (in addition to regular fee) | \$300 | \$400 |
| Headstone Inspection and Setting Fee | - | \$35 |
| Burial Right Transfer & Other Transactions | \$50 | \$15 |
| Storm Sewer ESU (monthly fee) | \$5 | \$5.25 |

| Recreation | | |
|--|-------------|-----------|
| Fee | From | To |
| Dance (Class Fee) | \$3 | \$4 |
| Firearms Handling (Class Fee) | \$10 | \$15 |
| Hunter Education Course | \$10 | \$15 |
| Lifeguard Training | \$100 | \$150 |
| Martial Arts (1-hour class) | \$20 | \$25 |
| Racquetball League/Player | \$20 | \$30 |
| Regular 1-hour Class | \$24 | \$30 |
| Scout Pow Wow Rifle (Individual Fee) | - | \$15 |
| Swim Class (Summer Recreation Team 1-hour) | \$100 | \$110 |

| | | |
|--|-------|-------|
| UVU Swim Team (Semester Fee) | \$40 | \$60 |
| Water Safety Instruction (Per Person) | \$100 | \$150 |
| Orem Sr. Center Staff Fees (Hourly Fee) | - | \$14 |
| Co-ed Softball (Team Fee) | \$350 | \$375 |
| Co-ed Softball Fall Double Header (Team Fee) | - | \$480 |
| Men's Double Header – Summer (Team Fee) | \$600 | \$625 |
| Men's Softball – Single Games (Fall & Summer) | \$350 | \$375 |
| Women's – Softball (Fall & Summer) | \$350 | \$375 |
| Flag Football Men's (Team) | - | 4450 |
| Tennis Group Lessons | \$32 | \$35 |
| Tennis Private Lessons (Per Hour) | \$35 | \$40 |
| Tennis Semi-Private Lessons/Class (Cost Divided) | \$50 | \$60 |
| Lacrosse Tournament (Team) | - | \$400 |
| Youth Basketball (Alpine School District Fee/Player) | - | \$10 |
| Youth Basketball High School Level (Team Fee) | \$475 | \$525 |
| Basketball Little & Super Hoopsters (Individual Fee) | \$30 | \$33 |
| Machine Pitch (Individual Fee) | \$35 | \$38 |
| Softball Girl's Accelerated (Team Fee) | \$500 | \$550 |
| Youth Fishing (Individual Fee) | \$20 | \$25 |
| Youth Wrestling (Individual Fee) | - | \$35 |
| Rec Center Business Pass 5-250 (Per Person) | \$75 | \$85 |
| Rec Center Business Pass 251-500 (Per Person) | \$70 | \$80 |
| Rec Center Business Pass 501-750 (Per Person) | \$65 | \$75 |
| Rec Center Business Pass 751-1,000 (Per Person) | \$60 | \$70 |
| Rec Center Business Pass 1,001+ (Per Person) | \$55 | \$65 |
| Rec Center Business Pass Resident Fee 5-250 | \$50 | \$60 |
| Rec Center Business Pass Resident Fee 251-500 | \$45 | \$55 |
| Rec Center Business Pass Resident Fee 501-750 | \$40 | \$50 |
| Rec Center Business Pass Resident Fee 751-1,000 | \$35 | \$45 |
| Rec Center Business Pass Resident Fee 1,001+ | \$30 | \$40 |

Karl Hirst, Recreation Director, said that prior to the budget for FY 15, there was no fee schedule defined for the self-determining recreation and athletic groups within the City. He went over the proposed fees for the cosponsored groups as follows:

| Fee | To |
|---|-------|
| Fee Cosponsored Group 2 | |
| Baseball Participation Fee (Per Participant) | \$4 |
| Baseball Field Preparation (Per Participant) | \$10 |
| Soccer Participation Fee (Per Participant) | \$4 |
| Fee Cosponsored Group 3 | |
| Swimming Short Course (Per Lane Fee) | \$2 |
| Swimming Long Course (Per Lane Fee) | \$4 |
| Meet Splash Fee (Non-Orem Participant) | \$2 |
| Football Per Game Fee | \$35 |
| Football - Per Field / Per Season (2-Games Per Reservation) | \$475 |
| Baseball Field Rental (First Game) | \$40 |
| Baseball Field Rental (Subsequent Games) | \$20 |

| Fee | To |
|---|---------|
| Fee Cosponsored Group 2 | |
| Soccer Field Fee | \$25 |
| Lacrosse Field Use | \$25 |
| Fee Cosponsored Group 4 | |
| Swimming Short Course (Per Lane Fee) | \$8 |
| Swimming Long Course (Per Lane Fee) | \$12 |
| Football Per Game Fee | \$45 |
| Football – Per Field / Per Season (2-Games Per Reservation) | \$700 |
| Lacrosse Field Use | \$35 |
| Soccer Per Game Fee | \$35 |
| Soccer Yearly Rental (2-weeknights & Saturday) | \$1,700 |
| Soccer Yearly Rental (5-weeknights & Saturday) | \$2,500 |

Mr. Spencer said he saw the baseball fields were packed on Memorial Day. The fields could be like that every Saturday if the City adjusted the proposed fees for cosponsored groups.

Mr. Hirst said other cities could beat out Orem in field price because Orem was structured differently than other cities.

Mr. Macdonald asked if the fees being presented were the same as what was presented when the prior discussions took place regarding the cosponsored groups.

Mr. Hirst said the fees were the same, though a few things had been added such as season rental options and yearly options.

Mr. Manning addressed Mr. Spencer's question about Group 5 Baseball, saying it was the same rate as was the current fee for Group 5 Baseball field rental, which was \$30 per field per hour.

Mayor Brunst said he was concerned about swimming charges. He suggested going in at half for groups three, four, and five and working the way up to the proposed fees.

Mr. Spencer proposed that the fees assessed to groups one, two, and three for all sports be paid by CARE tax.

Mrs. Black said staff had presented a memorandum with different options to handle the fees. Those options were reported as follows:

- Option 1 – Adopt fees as proposed.
- Option 2 – Adopt fees as proposed, but implement the fees through a phase-in period of two to three years, depending on the impact of the program over time
- Option 3 – Put the fees on hold and allow the CARE process to proceed into 2015. The revenue from the fees would not be included in the budget. The participation fee would stay in place. If CARE funds were approved, then some of the cost related to youth sports would be covered.
- Option 4 – Not do anything.

Mr. Spencer said he thought the participation fee should be paid by every participant.

Mr. Hirst noted the CARE tax would not be available until July 2015.

Mr. Spencer said if the CARE tax was truly for recreation, he thought it should go toward cosponsored groups.

Mr. Davidson said Mr. Spencer's idea was philosophical and would have to be shared with the CARE committee, so the committee knew how the City Council was approaching CARE tax with regard to cosponsored groups.

Mrs. Black and Mr. Spencer asked about approving a partial amount of the proposed fees.

Mayor Brunst suggested approving the fees at 50 percent of what was presented for groups one, two, and three and see what would come with the discussion in the future.

Mr. Davidson said he assumed the Council would look to the following budget year to bridge the difference between what was being imposed at the meeting.

Mr. Hirst said Mayor Brunst was proposing a two-year ramp up period that the Council would cut short should CARE money become available.

Mr. Davidson asked if cutting every proposed fee was a feasible plan.

Mr. Hirst said soccer group three could pose a problem. He suggested maintaining the proposed \$4 participation fee. The \$25 fee for field prep was basically equal to the \$4 participation fee.

Mr. Macdonald said there could be a not-to-exceed amount. The fitness center was originally built with the idea that it would be self-sufficient but, in reality, it was not. Mr. Macdonald said his understanding was that Mr. Hirst was trying to get the recreation center back to being self-sufficient

Mr. Davidson said the ramp-up idea was perfectly appropriate with the exception of the soccer field fee.

Mr. Manning summarized the Council's request to approve 50 percent of the proposed fees for cosponsored groups one, two, and three, with the exception that soccer group three field preparation fee would be left at \$25, as proposed.

Mr. Seastrand added that the idea of the \$4 participation fee for soccer would stay the same as well.

Mr. Davidson recapped the "big rocks" achieved with the FY 2015:

- 2% Market increase, \$450,000 built into base
- 1% Merit increase \$120,000 for January 2015
- Health Insurance up 4.5% instead of projected 8% \$185,000
- \$295,600 Utah Retirement System Increases in FY 15
- Enterprise Fund Cost Allocation (Water, Water Reclamation, Storm Sewer and Street Lighting) – *Financial Sustainability*
 - *State-Mandated Utility Fund Transfers:* \$865,000

- Emergency Communications and Citizen Outreach – *Communication*
 - *Mass Communication Software:* \$27,000
 - *Citizen Newsletter:* \$18,000
- Justice Court and Legal Services Staffing Concerns – *Employee Development*
 - *Legal Professional Services:* \$40,000
 - *Additional Justice Court Personnel:* \$22,300
- Engineering Equipment – *City Facilities*
 - *GPS Rovers:* \$59,000
- Traffic and Signal Maintenance – *City Facilities*
 - *Signal Maintenance:* \$15,000
 - *Signage Maintenance:* \$7,500
- Public Safety Life-Safety Equipment and Support* – *Financial Sustainability*
 - *Additional Ambulance/EMS Supplies:* \$17,000
 - *Fire Turnout Gear Additions:* \$6,000
 - *Police Body Armor Additions:* \$4,000
 - **Funded, in part, by FY 2014*
- Ongoing Fleet Replacement – *Financial Sustainability*
 - *Additional Fleet Investment (>\$600K):* \$50,000
- Employee Health Insurance and Retirement Contributions – *Employee Development*
 - *Anticipated Health Ins. Increase:* \$189,000
 - *Additional Mandatory URS Contribution:* \$295,000
 - *Benefits Consultant – ACA:* \$36,000
- Market Competitive Compensation* – *Employee Development*
 - *FY 2015 Market Adjustment:* \$450,000
 - *FY 2015 Merit Adjustment:* \$125,000
 - *Employee Professional Development:* ~\$25,000
 - **Funded, in part, by FY 2014*
- Critical IT/Network/System Replacement* – *Financial Sustainability*
 - *Additional Software Licensing:* \$5,000
- UTOPIA Debt Service Payments and OPEX – UTOPIA
 - *Additional UTOPIA Debt Service Commitment:* \$57,000
- Recreation Fund Operational Support – *Financial Sustainability*
 - *Fitness Center Operational Support:* \$125,000
- Maintenance and Repair of Critical City Facilities (roof, HVAC, carpeting, elevators, etc.) – *City Facilities*
 - *Children’s Library Carpet:* \$97,000
 - *City Building Roof Repairs:* \$75,000
 - *City Building HVAC Improvements:* \$18,000
 - *Elevator Maintenance:* \$11,000
 - *Public Safety Bldg. Floor Drains:* \$5,000
 - *Fire Alarm Improvements:* \$3,500
- Parks Operational and Equipment Support – *City Facilities*
 - *Palisade Park Personnel:* \$88,000
 - *Palisade Equipment and Additional OPEX Needs:* \$66,000
 - *Playground Equipment Replacement:* \$50,000
 - *Additional Park Needs – City Wide:* \$25,000

- Fees for Service Adjustments (development, cemetery, water, storm sewer, recreation, etc.) – *Financial Sustainability*
 - *Water (3/4" meter) :* + \$0.25 / month
 - *Storm Sewer (per ESU):* + \$0.25 / month

Mayor Brunst thanked Mr. Davidson for his presentation of the “big rocks” of the FY 2015 budget.

Mayor Brunst then opened the public hearing.

Bob Wright expressed concern about a doubled franchise tax assessment on utilities. He said the garbage rates should be reduced due to cost saving implementation of the recycling program. Mr. Wright expressed appreciation for the discussion revolving around the recreation fees and agreed that the CARE tax could and should be used for the purpose of augmenting the recreation fees.

Teresa Kurr suggested that the City Council consider approving a punch-card system at the fitness center to allow citizens a discounted rate in-between annual pass and regular admission. She encouraged the Council to drive by her home and walk on her lawn because the type of lawn she had required much less water and upkeep. Ms. Kurr said using this type of lawn could be a cost-saving measure for the City.

Mayor Brunst closed the public hearing.

Mrs. Black clarified that CARE funds for recreation could be used for facilities or ongoing maintenance cost.

Mr. Spencer asked Mr. Tschirki to clarify the idea that a \$25 utility increase in utilities would be needed for a fifty year plan for the water lines in the City.

Mr. Tschirki said the City was short by about \$5 million per year the revenues to maintain and/or replace water lines within Orem. The \$25 utility increase was one way to fill the gap and provide means for the necessary asset maintenance/replacement.

Mayor Brunst said if the City was to address needs on a graduated process, then the needs were more easily met. If the City failed to address the needs of the infrastructure for a period of time, then things would begin to collapse. He said the approach would be to plan for the future and realize the needs the City did have, and then begin working on an annual basis to meet those needs.

Mr. Tschirki said he would have more information available during next year’s budget process with the results of the master plans, which should be complete sometime in January 2015.

Mr. Macdonald said he understood the need was higher, but staff just did not know exactly how much higher it was. Master plans would be pay as you go, and that would be the best way to approach the asset needs.

Mrs. Black complimented the Public Works Department for its approach to forward thinking.

Mr. Hirst suggested the Council approve the \$4 participation fee for group three football, rather than approving 50 percent of the proposed field prep fee of \$35.

Mr. Seastrand **moved**, by ordinance, to approve and adopt the Fiscal Year 2014-2015 Budget, adopt the compensation programs, set the property tax, franchise tax, municipal energy sales and use tax, telecommunications license tax, transient room tax, E911 fee rates, and adopt the fees and charges schedule with the following modifications:

- \$4 participation fee for soccer groups 2 and 3
- \$4 participation fee on football group 3
- Adopt 50 percent of the recommended recreation fees as outlined in the presentation.

Mrs. Black **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. Those voting nay: Mr. Andersen. The motion **passed**, 6-1.

6:20 P.M. PUBLIC HEARING

ORDINANCE - Annexing property located generally at 1450 South 1080 East, and by ordinance, designating the annexed property low density residential on the General Plan land use map, and amending Article 22-5-3(A) and the zoning map of the City by zoning the property R20

Mr. Bench presented an applicant request to annex property located generally at 1450 South 1080 East in Orem. The applicant owned property located along and to the east of Carterville Road. Most of the applicant's property was in the City, but the easternmost part of the applicant's property was in unincorporated Utah County. The applicant desired to develop his property in the near future and would like to annex that portion of his property currently in the county so that the whole of his property could be developed in the City. Annexation of this part of the applicant's property would also have the beneficial effect of eliminating a peninsula of unincorporated county that currently jutted into City boundaries.

The property was adjacent to R20 zoning and the PD-18 zone. The applicant requested the R20 zone be applied to the property with the General Plan land use designation of low density residential. It was possible the applicant would request the PD-18 zone in the future or just develop under the R20 zone. Discussions had taken place with the Berkshires' home owner association about becoming part of that development since 1080 East was located in the PD-18 zone. However, at the present time, there was no agreement to become part of the PD-18 zone.

The City Council accepted the petition of annexation on February 22, 2014. That then set into motion a timeline of protest and public comment periods with May 28, 2014, as the last day to file a protest. No protests had been received. Utah County was also required to certify the petition and provide evidence to the City of the certification. That took place on April 29, 2014.

There were no questions from the Council.

Mayor Brunst opened the public hearing. When no one came forward Mayor Brunst closed the public hearing.

Mrs. Black **moved**, by ordinance, to annex approximately 1.69 acres of property located generally at 1450 South 1080 East and by ordinance designate the property low density residential on the General Plan land use map and amend Article 22-5-3(A) and the zoning map of the City by zoning the property R20. Mr. Macdonald **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 7-0.

6:30 P.M. PUBLIC HEARING

RESOLUTION - Site Plan Approval of Taco Bell at 195 West Center Street in the PD-1 Zone

Mr. Bench presented to Council an applicant request proposing a new location for Taco Bell which was currently located at 97 West Center Street. Issues with the current lease had led the owner of Taco Bell to propose relocation further west along Center Street. The proposed location was on an approved lot in the Orem Retail Center Subdivision Plat A, located in front of Target. The site was located in the PD-1 zone which required any site plan to be approved by the City Council.

The proposed building would be 1,960 square feet and 36 parking stalls would be provided. The size of the proposed building would be comparable to the existing building, if not slightly larger. Elevations would be constructed of EIFS (stucco), stone, and aluminum louvers. The PD-1 zone prohibited use of sheet metal or corrugated metal. The louvers are aluminum, but staff believed this material was used as an architectural feature and was a permitted material. The proposed height of the building was 22 feet.

There would be no formal cross-parking easements with Target, but access easements would be provided on a revised plat. Access to the site would be provided by the current drive approaches on Center Street and Orem Boulevard.

Landscaping included that which existed along Center Street with additional landscaping located around the new building. The trash enclosure would have similar materials as the building.

Mr. Macdonald asked about the vacant building between Wendy's and the proposed location of the new Taco Bell.

Mr. Bench said it had been vacant for some time.

Mr. Seastrand observed that there was no additional access from Center Street aside from the existing access points.

Mayor Brunst opened the public hearing. No one came forward to speak, so Mayor Brunst closed the public hearing.

Mayor Brunst **moved**, by resolution, to approve the site plan of Taco Bell at 195 West Center Street in the PD-1 zone. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 7-0.

COMMUNICATION ITEMS

There were no communication items.

CITY MANAGER INFORMATION ITEMS

There were no City Manager information items.

ADJOURNMENT TO REDEVELOPMENT AGENCY OF THE CITY OF OREM MEETING

Mr. Seastrand **moved** to adjourn to a Redevelopment Agency of the City of Orem meeting. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

The meeting adjourned at 9:38 p.m.

Donna R. Weaver, City Recorder

Approved: July 22, 2014